

## Message Text

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ORIGIN IO-13

INFO OCT-01 EUR-12 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AF-08

ARA-06 EA-07 NEA-10 AID-05 COME-00 EB-07 FRB-03

TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01

SIG-01 ISO-00 /131 R

DRAFTED BY IO/CMD:DWFIGGINS:JBS

APPROVED BY IO:RDMOREY

IO/CMD:PDWYMAN /IO/AGR:PBYRNES

IO/CMD:CENORRIS /IO/CMD:EJCHESKY

IO/UN/COR;JDFOX

PPC/IA(AID):MLSCHUWEILER (DRAFT)

EB/IFD/OSB:JNESVIG (DRAFT)

L/UNA:MJMATHESON (DRAFT)

IO/UN/BAPS:JCSAULS

IO/TRC:JWWALKER (DRAFT)

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VIENNA FOR UNIDO MISSION; ECOSOC DEL FOR STIBVAVY

E.O. 11652: N/A

TAGS: UNIDO, PORG, AORG, EAID, ECIN, EIND

SUBJECT: THIRD SESSION: INTERGOVERNMENTAL COMMITTEE OF  
WHOLE ON UNIDO CONSTITUTION (IGC III): FINANCING TECHNICAL  
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ASSISTANCE

REF: (A) STATE 166413; (B) VIENNA 4524; (C) VIENNA 3464;

(D) STATE 103028; (E) VIENNA 5551; (F) VIENNA 5560; (G)

VIENNA 5736

1. SUMMARY: DEPT NOTES FROM US DEL REPORTING THAT G-77 DELS HAVE REPEATEDLY EXPRESSED PREOCCUPATION THAT THE PRESENT LEVEL AND THE PREDICTABILITY (THE "STATUS QUO") OF TECHNICAL ASSISTANCE SHOULD NOT BE DECREASED UNDER UNIDO SPECIALIZED AGENCY CONSTITUTION PROVISIONS. THIS CABLE OUTLINES DEPT THINKING ABOUT HOW FOUR TYPES OF CURRENT TECHNICAL ASSISTANCE MIGHT BE HANDLED IN A UNIDO SPECIALIZED AGENCY. SOME OF THESE QUESTIONS HAVE ALREADY ARISEN IN THE COURSE OF THE NEGOTIATIONS; SOME HAVE NOT. THE FOUR TYPES OF TECHNICAL ASSISTANCE ARE: A) UNIDO OVERHEAD COSTS OF EXECUTING UNDP PROJECTS; B) FINANCING OF UNIDO SPECIAL INDUSTRIAL DEVELOPMENT FIELD ADVISERS (SIDFA'S) PRESENTLY FINANCED BY UNDP; C) FINANCING OF PROJECTS NOW A PART OF THE UN REGULAR PROGRAM OF TECHNICAL ASSISTANCE SUCH AS REGIONAL AND INTERREGIONAL ADVISORS;

AND (D) PROJECTS FINANCED BY DIRECT VOLUNTARY CONTRIBUTIONS TO UNIDO. END SUMMARY.

2. ISSUE (A) IS DEALT WITH IN STATE 169126. IN BRIEF, AS A NEW SPECIALIZED AGENCY UNIDO MUST BE AT LEAST AS COMPREHENSIVE IN ITS DEFINITION OF OVERHEAD COSTS EXCLUDED FROM FINANCING BY ASSESSMENT AS ANY ESTABLISHED SPECIALIZED AGENCY.

3. ISSUE (B). THE U.S. PREFERS THAT UNDP CONTINUE TO FINANCE SIDFA'S. THIS PREFERENCE RAISES NO PROBLEMS AT PRESENT SINCE THE UNDP GOVERNING COUNCIL AT ITS LATEST SESSION IN JUNE 1976 DECIDED TO CONTINUE FINANCING THE SAME NUMBER OF SIDFA'S (23) THAT HAD BEEN IN THE FIELD IN 1975. UNIDO HAD REQUESTED UNDP FINANCING FOR 38. THE METHOD OF LONGER TERM FINANCING OF SIDFA'S, AT CURRENT LEVELS OR AT THE INCREASED LEVEL DESIRED BY UNIDO, WILL DEPEND ON UNDP'S FINANCIAL POSITION AND THE WILLINGNESS OF THE UNDP GOVERNING COUNCIL TO CONTINUE THE PROGRAM. DEPT NOTES THAT APPARENTLY NOTHING HAS COME OF THE EXPLORATION OF SOURCES

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OTHER THAN UNDP TO FINANCE SIDFAS WHICH WAS UNDERTAKEN BY THE UNIDO EXECUTIVE DIRECTOR AND THE UN SECRETARY GENERAL ACCORDING TO THE ANNUAL REPORT OF THE EXECUTIVE DIRECTOR FOR 1974 (ID/B/150/, CHAP VI, PARA 56 AND 57).

4. ISSUE (C). DEPT WILL EXAMINE THE FUNCTIONS OF REGIONAL AND INTERREGIONAL ADVISERS TO DETERMINE WHETHER THEY ARE ELIGIBLE FOR POSSIBLE SUPPORT BY ASSESSMENTS RATHER

THAN RELYING SOLELY ON THEIR FORMER SOURCE OF FUNDING TO DETERMINE WHETHER THEIR FUNCTION IS OPERATIONAL OR INVOLVES MORE ADMINISTRATION AND RESEARCH. REFTEL (C), PARA 4, SUGGESTS THAT THE PRESENCE OF INTERREGIONAL ADVISERS AT HEADQUARTERS DURING MOST OF THE YEAR MAY INDICATE THAT THEY ARE ENGAGED IN WORK BENEFITING THE MEMBERSHIP AT LARGE. REFTEL (C), PARA 6, OPENS THE POSSIBILITY THAT BOTH INTER-REGIONAL AND REGIONAL ADVISERS WERE FUNDED BY THE REGULAR PROGRAM OF TECHNICAL ASSISTANCE MORE TO HIRE POST-RETIREMENT PERSONNEL THAN BECAUSE OF THEIR FUNCTIONS. DELEGATION TO IDB X ALSO HEARD RUMORS OF CHANGE IN FUNCTION TO BECOME RESEARCH EXTENSIONS OF INTERNATIONAL CENTER FOR INDUSTRIAL STUDIES AND HENCE CONTRIBUTORS TO GLOBAL STUDIES BENEFITING ALL MEMBERS. BECAUSE VARIOUS DOUBTS ARE CAST ON WHETHER TITLES OR SOURCE OF FUNDING ACCURATELY DESCRIBE FUNCTIONS AS TECHNICAL ASSISTANCE US DEL MAY REQUEST JOB DESCRIPTIONS BE MADE AVAILABLE TO MISSION. MEANWHILE, MISSION SHOULD NOTE THAT 2 INTERREGIONAL ADVISERS IN LONDON AND 3 REGIONAL ADVISERS IN THE FIELD FOR THE INTERNATIONAL

MARITIME CONSULTATIVE ORGANIZATION ARE FINANCED BY UNDP VOLUNTARY CONTRIBUTIONS, A PRECEDENT WHICH MIGHT BE FOLLOWED IN THE CASE OF UNIDO WHEN IT BECOMES A SPECIALIZED AGENCY.

5. ISSUES (C) AND (D). U.S. DEL HAS REPORTED POINTED INQUIRIES AS TO WHETHER US INTENDS TO MAKE VOLUNTARY CONTRIBUTIONS TO A UNIDO SPECIALIZED AGENCY TO HELP REPLACE THE PRE-SPECIALIZED AGENCY FINANCING OF TECHNICAL ASSISTANCE AVAILABLE THROUGH THE ASSESSED CONTRIBUTIONS TO SECTION 15 OF THE UN BUDGET, I.E., THROUGH THE REGULAR PROGRAM OF TECHNICAL ASSISTANCE (RPTA). SINCE NO OTHER SPECIALIZED AGENCY ENJOYS DIRECT SUPPORT FROM THE RPTA, IT LIMITED OFFICIAL USE

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WAS PRESUMED THAT A UNIDO SPECIALIZED AGENCY WOULD NOT EITHER. TWO PROPOSALS WERE TABLED AT IGC III TO REPLACE THE RPTA PROGRAM AT ITS CURRENT LEVEL AND WITH THE SAME PREDICTABILITY OF AN ASSESSED SOURCE. FIRST (AS REPORTED IN REFTEL E, PARA 2), THE JULY 2 SECRETARIAT TEXT REQUESTED BY THE G-77 CONTAINED A PROVISION IN ANNEX III (B) BY WHICH, INTER ALIA, THE UNIDO ASSESSED BUDGET WOULD FINANCE THE TYPES OF TECHNICAL ASSISTANCE FORMERLY FINANCED BY THE RPTA UP TO A CEILING. SECOND, (AS REPORTED RESPECTIVELY IN REFTEL F, PARA 3, AND REFTEL G, PARA 1) WITHIN GROUP B ON JULY 5 THE UK DEL SUGGESTED AND ON JULY 7 THE SWEDISH AND FRENCH AMPLIFIED ANOTHER APPROACH WHICH RECEIVED SUPPORT OF ALL GROUP B DELS (EXCEPTING THE USDEL) AS BEING SUPERIOR TO THE ANNEX III (B) FINANCING OF TA FROM UNIDO SPECIALIZED AGENCY ASSESSMENTS. THIS APPROACH WOULD WORK OUT WITH THE

GENERAL ASSEMBLY AN ARRANGEMENT BY WHICH A PORTION OF THE UN REGULAR BUDGET RPTA WOULD CONTINUE TO BE SPECIFIED FOR USE IN THE FIELD OF INDUSTRY. WHILE GOVERNMENTS WOULD PAY THEIR ASSESSMENTS TO THE UN REGULAR BUDGET RPTA, THE UN WOULD LOOK TO UNIDO TO BE ITS EXECUTING AGENCY IN A RELATIONSHIP SIMILAR TO THEIR PRESENT RELATIONSHIP AND ANALOGOUS TO THE UNIDO/UNDP RELATIONSHIP. THIS NOTION IS INCLUDED WITHIN ARTICLE 10 BIS FORMULATION IN JULY 8 PAPER REPRESENTING THINKING OF GROUP B MAJORITY (REFTEL G, PARA 2) AS FOLLOWS: "EXPENSES FOR OPERATIONAL ACTIVITIES SHALL BE MET FROM VOLUNTARY CONTRIBUTIONS AND FROM THE SHARE DEVOTED TO UNIDO FROM THE REGULAR PROGRAM OF TECHNICAL ASSISTANCE PROVIDED FOR WITHIN THE BUDGET OF THE UNITED NATIONS."

6. ISSUES (C) AND (D) CONTINUED. DEL WAS CORRECT IN NOT JOINING GROUP B AGREEMENT ON ARRANGEMENTS WHICH WERE APPARENTLY ACCEPTED BY THE RATIONALE OF BEING THE LESSER OF TWO EVILS. THE U.S. CAN NOT AGREE. WE HAVE REGULARLY VOTED AGAINST THE WHOLE RPTA INCLUDING ITS CURRENT PORTION FOR INDUSTRIAL DEVELOPMENT. (DEPT WILL REPORT SEPTEL THE EIGHT DELEGATIONS WHICH JOINED THE U.S. IN VOTING AGAINST THE RPTA AT THE 30TH UNGA AND THE TWO ABSTAINERS.)

7. ISSUES (C) AND (D) CONTINUED. AT THE SAME TIME, DEPT WOULD BE INTERESTED IN DELEGATION EVALUATION OF THE EFFECT LIMITED OFFICIAL USE

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OF A US OFFER TO CAREFULLY CONSIDER MAKING A VOLUNTARY CONTRIBUTION TO DIRECT UNIDO TECHNICAL ASSISTANCE IN THE AMOUNT OF ITS SHARE OF A CORRESPONDING REDUCTION ACHIEVED IN THE UN REGULAR PROGRAM OF TECHNICAL ASSISTANCE. AS US REP IS WELL AWARE USG ABILITY TO DELIVER ANY TRADE-OFF BETWEEN UN REGULAR PROGRAM OF TECHNICAL ASSISTANCE AND PROGRAMS OF VOLUNTARY CONTRIBUTIONS IS LIMITED BECAUSE THE US APPROPRIATIONS ARE SEPARATE AND THE COMPETITION FOR USE OF VOLUNTARY CONTRIBUTIONS WITHIN THE USG IS KEEN. NEVERTHELESS, DEPT IS INTERESTED IN MISSION'S VIEW WHETHER SUCH AN OFFER, HEDGED AS IT MUST BE, WOULD GIVE US DEL ANY LEVERAGE ON OTHER ISSUES IN LIGHT OF HARD LINE TAKEN BY G-77 IN REFTEL (E), PARA 3, (PAKISTAN) AND REFTEL (C), PARA 3, (PHILIPPINES). KISSINGER

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## Message Attributes

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